

N.D.A.G. Letter to Meier (Oct. 24, 1988)

October 24, 1988

Honorable Ben Meier
Secretary of State
State Capitol
Bismarck, ND 58505

RE: Myron Farm, Inc.
Farm File: 149

Dear Secretary Meier:

Thank you for your letter of September 19, 1988, regarding the above-referenced farm corporation.

The facts set forth in your letter and the enclosed correspondence between your office and officers of Myron Farm, Inc., are very similar to those discussed in my previous letter to you of January 30, 1987. I enclose a copy of that letter for your reference.

As set out in my January 30, 1987, letter, a corporation organized pursuant to N.D.C.C. § 10-06-07 must own or lease farmland or ranch land and be engaged in the business of farming or ranching. It is not sufficient that the corporation's business is merely farm-related. The corporation must be actively involved in the business of farming or ranching. Therefore, Myron Farm, Inc., may not be incorporated as a farm corporation pursuant to N.D.C.C. ch. 10-06.

Because a corporation may not convert from a farm corporation to a regular business corporation, the only option for a corporation which is organized pursuant to N.D.C.C. ch. 10-06 and which fails to meet the requirements of that chapter is voluntary dissolution. If the corporation fails to dissolve voluntarily, this office is obligated to serve notice as required by N.D.C.C. § 10-19.1-118(2) and to commence involuntary dissolution proceedings.

The only way that a person might accomplish the purpose for which Myron Farm, Inc., was apparently organized would be to first incorporate as a general business corporation under N.D.C.C. ch. 10-19.1 and then to convert to a farm corporation as provided in N.D.C.C. § 10-06-01 immediately prior to the acquisition of farmland and the commencement of farming or ranching activities by the corporation.

Sincerely,

Nicholas J. Spaeth

Enclosure